



Attn: Joanna Brownlee
Ofcom
Riverside House
2a Southwark Bridge Road
London
SE1 8HA

13 April 2017

Dear Joanna Brownlee

RE: Response to Consultation for Automatic Compensation

I am the CEO of bOnline Ltd., a four-year old ISP providing Telecoms and Website services to small businesses with under 10 employees. I previously co-founded XLN Telecom (XLN) in 2003 and exited the business in 2010 when it was sold to a Private Equity fund.

I am contacting Ofcom with regard to the ongoing Ofcom Consultation for Automatic Compensation which applies to Communication Providers (CPs) serving the consumer and small business markets.

We support changes that will incentivise CPs to improve the quality of broadband services they provide to small and micro businesses. We agree that the industry norm of long drawn out compensation processes does not work and unnecessarily burdens small businesses.

As with most challenger CPs, bOnline must provide a high level of service at low prices to compete with big established CPs. The increasing prominence of online review sites in buying decisions provides an even stronger incentive to focus on high customer satisfaction – e.g. more responsive, more generous compensation terms, etc. Customers can swiftly penalise a small CP by posting poor reviews and hence impact their brand and their ability to attract more customers.

Customers have far less leverage with the large established CPs such as BT, Plusnet or Vodafone which dominate their markets despite having some of the lowest customer review rankings. A customer would have limited or no leverage to demand compensation or fairer terms from such large CPs. Automatic compensation would be more effective in aligning the CP's behaviour with the interests of the customer, particularly, if the CP controls their infrastructure.

However, small CPs would be disproportionately penalised by Automatic Compensation rules. Similar to bOnline, most do not own their broadband infrastructure and rely on Openreach to provide wholesale broadband services. And in our experience, most broadband service problems affecting our small business customers are controlled by Openreach and to a lesser extent other large providers. We have little or no control over the cause, prevention or timely resolution of such problems.

In addition, small CPs have to subsidise a large proportion of contentious Openreach engineering charges such as delayed or missed appointments or other instances when customers refuse to pay. At bOnline, we are often unable to recover such charges from our customers or from Openreach. Needless to say, this represents a significant cost to a small CP that lacks the resources and influence to dispute the charges from Openreach. We believe that adding a punitive £10 per day Automatic Compensation penalty will risk putting many small CPs into financial difficulty.

In view of these concerns, we hope that Ofcom will take into consideration the following suggestions:

- Allow ISPs and CPs to automatically pass through all compensation costs directly to Openreach or the Wholesale CP that controls the broadband infrastructure and maintenance network (ie. Engineers). This would ensure that the penalty is applied to the party responsible for causing and fixing the broadband service issues.
- Establish strict guidelines for Openreach engineering visits and other broadband related maintenance and enforce minimum Service Level Agreements (SLAs) with automatic penalties to ensure that Openreach provide all CPs with a consistent and high level of service, as well as, accurate and timely information to CPs so they can better manage the customer experience.
- Give small business customers the right to early termination of contracts at no cost so that they can restore broadband service with an alternative provider. If broadband is a lifeline to a small business, then it is unlikely that a £10 compensation payment per day will offset the cost of not having Internet access.

We are very keen to see a competitive and vibrant small business telecoms market. More oversight and enforcement will help achieve this, particularly, if Openreach is held to account with the provisioning, maintenance and ongoing reliability of the broadband infrastructure they control.

I look forward to your response. If you have any questions, please do not hesitate to contact me on [☎] or by email at [✉].

Best regards,

Anthony Karibian
CEO, bOnline Ltd.